

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S) CASE NO.
NOTICE OF INTENT TO REDUCE REVENUE) 2004-00035

ORDER

On August 30, 2000, in Case No. 2000-00382,¹ the Commission authorized Big Rivers Electric Corporation ("Big Rivers") to reduce its revenues by \$3.68 million per year through a Member Discount Adjustment Rider ("Discount Adjustment") for a period of two years ending August 31, 2002. In Case Nos. 2002-00100² and 2003-00102³ the Commission authorized the extension of the Discount Adjustment for two additional one-year periods. Thus, August 31, 2004 is currently the scheduled termination date of the Discount Adjustment. On February 3, 2004, Big Rivers filed its Notice of Intent to Reduce Revenue ("Notice"), pursuant to KRS 278.455, proposing that the revenue reduction approved in Case No. 2000-00382 and extended in Case Nos. 2002-00100 and 2003-00102 be extended for one additional year, through August 31, 2005.

¹ Case No. 2000-00382, Big Rivers Electric Corporation's Notice of Intent to Reduce Revenue.

² Case No. 2002-00100, Big Rivers Electric Corporation's Notice of Intent to Reduce Revenue.

³ Case No. 2003-00102, Big Rivers Electric Corporation's Notice of Intent to Reduce Revenue.

Big Rivers states that the facts supporting this request are the same as those that supported the previous revenue reduction and requests that the record in Case No. 2000-00382 be incorporated by reference into this record. Big Rivers states that the purpose of the reduction is to continue to pass on to its members the benefits it receives from a sale and leaseback transaction involving three of its generating units. Big Rivers has proposed that the reduction be limited to an additional one-year period because its long-term financial requirements are difficult to project and because it cannot borrow funds to meet capital requirements. Due to the conditions of bankruptcy, Big Rivers is required to obtain the approval of its creditors before it can continue the revenue reduction. Big Rivers filed this application prior to obtaining the required approvals. On June 9, 2004, Big Rivers notified the Commission that it had received the necessary creditor approvals to continue the revenue reduction.

Having considered the application and being otherwise sufficiently advised, the Commission finds that the Discount Adjustment as proposed by Big Rivers meets the requirements of KRS 278.455 and should be authorized. The Discount Adjustment has been allocated among and within the consumer classes on a proportional basis and will not result in a change in the rate design currently in effect for Big Rivers' members.

IT IS THEREFORE ORDERED that:

1. The record in Case No. 2000-00382 is incorporated herein by reference.
2. The proposed Discount Adjustment and rider are authorized and shall be effective for one year, beginning on September 1, 2004.

